

# FAZ

29 Feb 2016

## **Brexit – a danger**

*by Michael Heise*

David Cameron managed to wring a number of concessions from his partners in Brussels. It is now increasingly difficult to grasp what the UK might gain from leaving the EU. On what is perhaps the thorniest issue in the British debate – the immigration of EU nationals – welfare benefits can in future be capped. The measures demanded to deepen the single market and strengthen European competitiveness also fell on fertile ground and the European Commission should address these issues with urgency. And the UK's demand not to be dragged into in an ever closer union with federal or even centralistic structures was also accepted – a scenario that is currently not up for debate anyway.

By contrast, the risks to which the UK would expose itself should it leave are much clearer. The relations between the United Kingdom and the remaining EU would have to be renegotiated in a drawn-out process. Firms based in the UK would have to worry about unhindered access to the world's largest single market if the UK rejects full implementation of all EU business legislation. Merely the uncertainty about the outcome of the divorce proceedings would dampen investment in the UK economy. It is not totally unrealistic that economic growth would be one to two percentage points lower for several years. And if the UK loses, the EU will not gain either. Could be that some investment is diverted to the EU or skilled workers up sticks from London. But that is not enough to offset the downside of a depressed British economy and certainly not the political blow to Europe that Brexit would entail.

For the British people it's not so much about economic advantages or disadvantages. They are uncomfortable with a byzantine and sometimes opaque union which at present barely seems to be functioning. On the other hand, many Britons fear the imponderables Brexit would involve. Which of these emotions will ultimately win the day is difficult to gauge. With a dose of calculated optimism, I believe that a narrow majority will vote to stay. But the risk of a "Leave" vote is considerable. Surveys show that one in five have yet to make up their minds. Millions of voters could be swayed by day-to-day events, for instance should the refugee situation come to a head in the summer months. Much will also hinge on the turnout. Brexit supporters are more likely to turn out than pragmatic pro-Europeans who are more worried about other things such as jobs and pensions. And if the 23<sup>rd</sup> of June proves to be a hot summer day with low turnout, the eurosceptics could sweep the field. Uncertainty about the outcome will doubtless linger until the day of the referendum. The slide in the pound and the gyrations on the equity market reflect this uncertainty. They also signal that Brexit must be regarded as a danger.